KATHLEEN F. O'REILLY
ATTORNEY AT LAW
414 A STREET, SOUTHEAST
WASHINGTON, D.C. 20003

(202) 543-5068
(202) 547-5784 FAX

April 19, 1996

APR 19 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.Room 222
Washington, D.C. 20554

Re: CC Docket No. 96-45

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Enclosed for filing in the above proceeding is an original and copies of the Comments of The Oregon Citizens Utility Board et al.

To acknowledge the Commission's receipt of these documents, please place the Commission's stamp on the enclosed duplicate original and remit the same to bearer.

Sincerely yours,

Kathleen F. O'Reilly

Original

Before the
Federal Communications Commision
Washington, D.C. 20554

In the Matter of	)	FCC 96-93
	)	
Federal State Board on Universal Service	)	CC Docket No. 96-45
	)	

COMMENTS
IN RESPONSE TO THE NOTICE OF PROPOSED RULEMAKING (NPRM)

Submitted by:

- The Michigan Consumer Federation
- The Oregon Citizens Utility Board (CUB)
- The Massachusetts Consumer Association
- Chicago Media Watch
- Environmental Media Association
- The Women's Institute for Freedom of the Press
- The Center for Media Literacy
- The Greater Washington Area Chapter of The Cultural Environment Movement
- The Columbus Center for Media Education
- Miles River Press

By: Kathleen F. O'Reilly
Attorney at Law
414 "A" Street, Southeast
Washington, D.C. 20003

D.C. Bar No. 56390

April 19, 1996

Introduction

These Comments are submitted by organizations[1] committed to the principle that regulatory implementation of the Telecommunications Act of 1996 must ensure fulfillment of the law's pledge that quality services and advanced telecommunications will be provided in all regions of the Nation at just, reasonable and affordable rates. The telephone has long been recognized as more than an instrument for stimulating the flow of commerce. Extending beyond marketplace considerations, the accessible and divergent information flow promised by the legislation's supporters, is key to having an informed citizenry as a foundation of participatory democracy. Such public interest considerations must predominate, because much like air and water, the airwaves and spectrum on which telecommunications rely are public assets not private property.

Furthermore, in *any* segment of the economy, safeguards are essential during the transition from a regulatory to a competitively driven market---and safeguards must remain in place for those services and markets where competition will not emerge. Thus in large part the manner in which the legislation is implemented by federal and state regulators will determine whether the legislation's goals are achieved or whether the legislation instead becomes the catalyst for:

1) still further telecommunications and media concentration;
2) diminished sources and diversity of information and communication;
3) continued deterioration of equipment and operator services that residential, nonprofit, rural and small

---

[1] For organizational descriptions see Appendix A.

business telephone customers depend upon;
4) unfairly shifting enormous capital costs associated with competition to those customers who have few if any competitive options; and
5) weakened enforcement of the law's prohibition against "...discrimination on the basis of race, color, religion, national origin, or sex"...in fulfilling its universal service obligation to "...make available, so far as possible, to all the people of the United States a rapid, efficient, Nationwide and world-wide wire and radio communication service with adequate facilities at reasonable charges..." 47 USC 151.

Background

The Universal Service commitment encompassed in the 1934 Communications Act was directed at ensuring basic telephone service for low-income individuals and for those in high cost (largely rural) service areas. The public policy commitment to universal telephone service had a two-fold foundation. One, the economic principle that widespread telephone access would maximize the efficiency, market size and resulting earnings of business. For example, any business is seriously handicapped in achieving its marketplace potential if its prospective customers and/or employees lack telephone service.

The second basis for our nation's longstanding commitment to universal service was anchored in the democratic ideal that those who cannot afford basic telephone service cannot meaningfully participate in community and civic activities which benefit society as a whole. The telephone has been recognized not as a luxury but as a necessary instrument in the advancement of societal goals. Get-out-the-vote campaigns, organizing fundraisers for the local PTA, arranging a 4-H meeting, scheduling job interviews or neighborhood association meetings---

the examples are endless as to how in every region of this country most civic, educational, political, nonprofit, and volunteer organizations heavily depend upon telephone service of high quality at just, reasonable and affordable rates.

Thus, the commitment to universal service is rooted both in principles of participatory democracy and in marketplace economics. In addressing the multi-billion dollar stakes of the new law as affected by the outcome of this and other imminent Commission and state proceedings, it is critical that *public policy principles that go beyond maximizing profit* receive the regulatory weight and commitment they deserve.

The Telecommunications Act's Stated Principles of Universal Service Support Mechanisms[2]

Principle One:
A) Quality Service

● **Specific and uniform performance standards must be established** which address reliability, security, ease of use, maintenance of the network, operator services, and billing considerations. Performance standards should be based on minimal national guidelines with the states afforded the opportunity to develop standards specifically responsive to local needs. Because of society's high stake in having a well functioning, affordable information highway for all, the private sector should not be

[2] Paragraph references in the Comments are to the Commission's Universal Service Notice of Proposed Rulemaking (NPRM).

setting those performance standards for itself.[3] Review of service quality performance should not be limited to those system failures which affect 10,000 or more customers but should also address service problems that affect large numbers of *individual* customers, even when the difficulty is not experienced by such individuals simultaneously.

Deterioration of Service Quality. It is largely because of regulation that Americans have had among the highest quality telecommunications in the world. Nonetheless, as demonstrated in various state regulatory investigations, and discussed in detail in recent media and regulatory reports[4], service quality has been continuously eroding even as competition is emerging. This is particularly the case for residential and small business service. Apparently in the rush to compete for "advanced" technologies, local telephone companies are sacrificing the quality of the basic local telephone service relied upon now and for the foreseeable future by most households, small businesses, and nonprofit organizations. By cutting back on the personnel and funding for local service quality, local monopoly phone companies free up monies for investment in the *competitive* activities that the new law now allows them to pursue (e.g. long distance service, cable, etc.)

---

[3] See *Telecommunications Service Quality,* The National Regulatory Research Institute (NRRI), March 1996, at 122.

[4] e.g. see NRRI report at fn. 3 *supra*; recent FCC ARMIS compliance reports; and, "Baby Bells Slim Down", Wall Street Journal, January 4, 1996.

The practical ability of citizens to access information and interact with each other is jeopardized when local telephone systems are increasingly non operational; installation and repairs take longer periods of time at ever higher rates; maintenance is neglected; and the number and training of technicians is so reduced that in as many as one third of the time the service problem cannot even be diagnosed.

Price Cap Incentives for Degradation of Service. It is disturbing that among some states with relatively new price cap "incentive" rate-setting procedures, there is a perverse incentive to cut back on service quality. However unintentional, this results because service cutbacks for residential and small business customers (largely reflected in personnel cuts and reduction in training) are one of the fastest methods for achieving an improved bottom line. The local telephone company can then point to such reduced costs as "economic efficiency" which in some states triggers the reward of higher earnings.

Excessive Automated Information Services. As to a different measurement of "quality", public disenchantment grows when automated information services are increasingly being used as the exclusive telephone method for the public to interact with various government agencies, businesses, etc. In many instances the ability to communicate with a human being has become an extremely time-consuming or impossible task, and for toll and long distance callers, a very expensive one. Typically these are communications necessary to provide and obtain information

concerning the routines of daily life and government activities.

Frustration with deteriorating service quality and excessively automated telephone systems highlight the manner in which "advanced" technologies are both stimulating and hindering various basic information exchanges. If the information services that are improved are largely for the purpose of *selling*, and those that are hindered are largely for the purpose of *informing*, the public interest is not being served.

● **Meaningful sanctions must be put imposed for noncompliance with quality performance standards.** Sanctions must be particularly severe in monopoly/oligopoly markets where consumers cannot rely on competition.

● **Critical to enforcement of performance standards is timely and uniform record keeping, with performance records periodically audited and available on line.** The annual reporting requirements of the Act and the stated goal of reduced regulatory burden, must in this instance give way to the need for reasonably frequent--minimally quarterly--performance filings. Otherwise the Act's stated first principle of commitment to service quality and the overriding legislative goal of advancing competition cannot be realized.

Recognizing the Commission's legitimate sensitivity to cost burdens for the industry, it is nonetheless likely that carriers will maintain comparative performance data for their own internal use as well as marketing. The additional cost of providing such data to the Commission should be modest. It would also be a low-

cost investment in creating a disincentive for false and misleading advertising on performance quality. When the ability of one company to make exaggerated or false claims is minimized, all segments of the industry benefit.

Consumers cannot use their power to stimulate competition by making informed marketplace decisions unless timely, uniform and useful information on service quality is made available by an independent, credible source. This is precisely the consumer education role to which the Commission correctly alludes in par. 69. The traditional FCC Armis performance compliance reports that have been produced quarterly, rely exclusively on what the carriers report. During this competitive transition, performance data should be subject to periodic independent audits so the reports' accuracy can be determined and thus play a useful role in stimulating competition. Armed with timely, uniformly reported performance data, individual consumers, consumer organizations and the media can use the data to provided meaningful comparisons of telecommunications carriers' service quality even if the Commission chooses not to fill that consumer education role.

● **Technical Standards Must Reflect the Public Interest.** With respect to the technical standards of the network, the Commission's preference is to defer those decisions to the present standard setting bodies. (par. 68). The Commission should ensure that these <u>technical standards bodies include public representation</u>, with the resources necessary to be

meaningful participants, not merely observers. Technical standards that establish what the networks include and how different features are made compatible with the network have historically been developed in response to the technological demands of the largest volume, most technologically savvy users. However legitimate their needs are, such standards-setting bodies should minimally include consideration of the cost implications and practical impacts such decisions have on the general public.

And in light of the ever increasingly rapid pace of technology, it may be preferable to have standards established that are tied to performance level requirements rather than technical specifications that become all too quickly obsolete. The Commission and state regulatory bodies must have the technical expertise necessary to ensure that standard-setting bodies are protecting the telecommunications needs of the public interest, not merely reinforcing the market power of the dominant providers and largest volume users of such systems.

Unquestionably, advanced telecommunications technology is responsible for stunning improvements in the flow of certain information, increased convenience, and the potential for wide-range societal improvements. But sound universal service public policy requires that the basic communications technology that is still relied upon by the majority of households and business, cannot be sacrificed in the rush toward advanced technology. One reason basic service quality is increasingly vulnerable is because as systems become interconnected, system failures

resulting from problems with advanced technologies affect larger numbers of customers than just those who use the advanced technology.

For example, in recent years much publicity about system failures feature markets where the telephone systems crashed because of glitches associated with the installation and/or operation of the highly expensive SS7 upgrade. That upgrade was put in place not because of the needs of residential and small business customers, but to accommodate incoming 800 number and similar services requested by certain large commercial users. When the SS7 system crashed in Virginia, West Virginia, Maryland and the District of Columbia, for example, all local telephone calling was halted for more than ten hours, causing massive disruption in personal lives, business, data transmission, etc.

A less dramatic system breakdown related to new telecommunications technology, had a more limited but similar impact when an entire interconnected 40-branch library system in Washington state was shut down for a week because of a single unidentified hacker.[5] As advance telecommunications services are increasingly put in place, it is economically cost prohibitive to provide a backup system (i.e. redundancy) for such individual systems or for the local telephone network. But such system failures affecting *all* local telephone customers within a large area may well increase, as the new law stimulates the

---

[5] Editorial, "*Bumps Along the Information Highway*", The Washington Post, March 9, 1996, attached as Appendix C.

convergence of technologies (television, cable, etc.).

These practical implications of the Act are not cited as a criticism of technology. They are intended to serve as reminders of the fact that in recent years the telephone system has been designed with the needs of residential and small business customers very much secondary to the technology requested for the commercial needs of the phone company's most high volume and sophisticated customers. Yet the cost and inconvenience of problems associated with those technologies are not exclusively borne by those commercial users and then passed on to their customers. Rather, remaining residential and small business customers are also forced to share the significant cost and inconvenience when those system breakdowns affect all of the network, not just the specialized features. Safeguards must be in place to equitably address this reality.

B) Just, reasonable and affordable rates

Experience with deregulation in other sectors of the economy (airlines, the savings and loan industry, etc.) suggest that without safeguards, the customers with the fewest competitive choices will be forced to absorb the staggering cost of the transition from regulation to competition. The manner in which it is determined what will be included in universal service; at what cost; how the fund is administered; and who will pay for that funding---these and other cost-related factors will have dramatic implications affecting the pro-competitive goals of the legislation and the availability and diversity of information and

communication.

Rates will not be just, reasonable and affordable as required by the Act, if efforts are successful to shift to local phone rates

a) the cost of the universal service funding;
b) the historical embedded costs of the phone system;
c) more than a fair share of the joint and common costs of the public switched system; and
d) the cost of competitive services that will soon be offered by current local exchange companies (e.g. long distance, cable, video services, etc.).

The practical ability of citizens to access and share information is heavily affected by the cost of both basic and advanced communications. Local phone rates should decline as a result of competition and to reflect the ever declining cost of providing local service. Yet it is widely agreed that effective competition for local phone service will not soon emerge in any significant way for most households, rural customers and small business. For these most captive customers, local rates will either stay at artificially higher than justified levels---or may actually increase---unless regulators use the appropriate accounting methods for determining and allocating the true cost of providing various services.

- The cost of the universal service funding should not be placed in local telephone rates.

The Act specifies that this cost should instead be paid by telecommunications carriers that provide interstate telecommunications services. [sec. 254 (d)]. Various methods for improperly shifting that cost to local phone customers must be rejected. For example:

● Local phone company investors, not local ratepayers, should be forced to shoulder the staggering, multi-billion dollar price tag of the historical embedded costs of that network.

Supporters of the Telecommunications Act of 1996 assert that technology has become the driving force behind de-regulation, bringing with it mobile radio, cellular, satellite, fiber optics, etc., that will make possible *several* local telephone carriers. Satellite systems now exist that bypass the phone system completely, beaming messages and files at high speed back down to a dish. Still priced out of reach for most, it is illustrative of a fundamental cost consideration: as the largest volume, most sophisticated technology customers choose other options, who will be left paying the heavy tab for the embedded costs of the existing local telephone systems?

As large volume, sophisticated business users now select other carriers in this new world of competition, the remaining network, largely designed to accommodate their needs, must still be used by the remaining local phone customers who lack such choices (largely residential, small business and rural customers).

For years the local exchange companies aggressively pushed for the right to compete in long distance, cable, equipment manufacturing, etc., as now authorized in the new law. With confidence they assured regulators, legislators, investors, and the public that they would receive significant additional revenue streams from such competition. Such monies, they insisted, would more than compensate for the market share loss they could be

expected to realize as a result of the competition they would eventually face for local telephone service.

Now the local exchange companies are attempting to change the rules by insisting to regulators that with the advent of competition they should be "made whole" with local telephone rates set at higher than is justified levels to compensate for revenues lost as some customers chose other providers in the new competitive market. Local phone company attempts to achieve the best of both monopoly and competitive worlds must be resoundingly rejected, whether such request is packaged as "rate rebalancing", disingenuous arguments about an "unconstitutional taking" of their property, or overt attempts to increase local rates through any number of transparent pricing schemes.

It is offensive that the longstanding public policy protection against "rate" shock for monopoly customers is now being turned on its head by the Baby Bells as they plea for protection against "stock" shock, anticipating imminent stock devaluations as the very competition they have so long demanded now begins.

- **In states with price cap procedures for setting local rates, local phone companies which provide universal service and are subject to such price caps, should not be allowed to include those universal costs in local phone rates as an "exogenous factor".**

A sophisticated method for indirectly shifting the cost of universal service funding to local telephone customers exists in the growing number of states that set local rates according to price caps. Although rates are set and "capped" according to

various methods, an exception is typically created for "exogenous" factors (e.g. unexpected tax increases). Local phone companies subject to such procedures should not be allowed to characterize their universal service funding as an exogenous factor and thus increase local rates to cover that cost.

- **Cost data must be collected and strictly audited, including the multi-billion dollar costs of current universal service funding.**

The new law expressly prohibits using the phone rates of services for which there is no competition in order to subsidize competitive services such as long distance, cable, wireless, etc. That prohibition (in combination with longstanding economic principles of cost causation) is meaningless unless cost data is regularly collected and audited based upon the appropriate accounting methodology, Total Service Long Run Incremental Cost ("TSLRIC").[6] As will be discussed further in the Reply Comments, in order to adequately protect local ratepayers against excessive rates, such cost calculation must include the cost of the local loop as a joint and common cost to be equitably shared between local telephone customers and other user groups based on the respective demands made on the system. The analysis of the "cost" of services must also consider various relevant factors such as excess capacity, demand studies, etc.

Without sound accounting standards and enforcement of those standards, those customers who are least likely to see the

---

[6] the method widely accepted by ratepayer advocacy groups and various competitors and state commissions

benefits of local competition will be forced to pay distortedly high local rates that will further diminish their ability to access and transmit information. And for those who are only marginally above the low-income eligibility standard, those increased costs could drive still larger numbers of households off the current public switched network, thus undermining the very heart of universal service's goal to maximize the numbers of households that have telephone service.

- **The Subscriber Line Charge (SLC) currently capped at $3.50/month, should not be increased.**

The SLC access charge was announced prior to divestiture at a time when a) it was being widely and inaccurately asserted that local phone rates had been subsidized by long distance rates and would have to increase dramatically in the absence of that subsidy, and b) there was an unnecessary fear within the telephone industry that large volume users of toll and long distance would "bypass" the phone system either by starting up their own systems or using a new alternative teleport system.[7] To prevent such bypass, local phone companies wanted to lower the rates for toll calls and long distance carriers wanted to lower the long distance rates of the largest volume users by decreasing their payment to local phone companies for a share of the cost of that system.[8]

---

[7] Evidence that the fear of bypass was unwarranted is the fact that twelve years after divestiture the alternative providers of local service still command less than 2% of the market.

[8] an access charge called the Common Carrier Line Charge (CCLC) which is built into long distance rates.

And so it was that the convergence of these factors led to the atmosphere in which SLC was fashioned by the telephone industry. SLC was in fact an economic fiction, created so that billions of dollars that would be removed from long distance rates could be shifted to local callers who were already paying their fair share of the network. Local callers were the convenient target for this strategy because they had no competitors from which to chose alternative local telephone service.

Thus it was announced prior to divestiture, that every local caller---even if they never made a long distance call---and regardless of which carrier they used if they did make such a call---would have to pay a monthly access (SLC) charge. This in effect is a monthly charge for the *privilege* of potentially making a long distance call, a charge that began at $1.00/month and was intended to eventually rise to $8.00 for residential customers. This charge defied cost causation principles and resulted in a massive public outcry on the eve of an election year. The public spoke out at town hall meetings throughout the country and in angry letters to editors, etc. Their justifiable anger was heard. Senator Robert Dole was a leader in the bi-partisan effort to at least postpone and limit this proposal. See Appendix B.

Congressional action slowed down the Commission's implementation of SLC. The charge was capped at $3.50/month, having been periodically raised in small increments, and the

Commission was thus able to mute the public protest. However, the economic justification for SLC remains fictional.

Many current criticisms of the CCLC formula are valid. But to now increase the SLC as a solution to those flaws, or as a method of making the local phone companies "whole" from the effects of competition, would make a mockery of cost causation principles at the heart of the legislation.

- **In determining the true "cost" of a service, exaggerated costs must be identified and rejected.**

Consider the following widely circulated assertions that have been rebutted by evidence in various proceedings.

- Prior to divestiture local calls subsidized long distance calls.
- Basic local service is subsidized by toll service.
- Residential service is subsidized by business service.

Perhaps the most recent example of such myth debunking is the Washington State Commission's conclusion that the unlimited flat rate of $10.50/month does cover US West's statewide costs of providing local service, despite the phone company's assertions that it cost more than twice that amount to provide local service.[9]

- **Urban versus Rural Rates: Cost Averaging Must be Preserved.**

The new law's commitment is to "reasonably comparable rates" between urban and rural customers. That requires regulators to be vigilant in ensuring that the method of cost "averaging" between such markets is preserved. The deaveraging approach

---

[9] "Panel Refuses US West Rate Request", *The Oregonian*, April 11, 1996.

advanced by many communications carriers, would seriously jeopardize the ability of all citizens within a region to communicate effectively with each other. Rural rates would skyrocket without justification[10], with no assurance that urban rates would decline.

- **"Affordable" rates are those at or below the cost of providing the service.**

The new Act states that rates must be "affordable". That is in addition to the statutory requirement of rates that are "just and reasonable"---a term of art developed in utility case law which means that rates can include no more than the reasonable cost of providing that service, including a fair return for investors. That is why the starting point for discussion of what is "affordable" is the fact that it clearly means rates that are at or below the true and reasonable cost of providing that service. Thus the Webster definition for "affordable" included in the Notice of this docket is misplaced in that it could result in rates that are above cost.

Regulators cannot under the new law, impose a rate that is higher than the true cost of providing that service. The Commission should reject suggestions that local service should instead be priced according to what some consider a proxy for

---

[10] Studies performed in several recent state proceedings, using phone company data, demonstrate that the calculated "cost" of providing rural service has been exaggerated by local telephone companies by using, for example, inappropriate labor cost estimates.

"affordable" telephone service (e.g. what the average family might, for example, consider "affordable" cable or video rental rates.) As already discussed, credible cost data using the appropriate TSLRIC methodology must be collected and independently reviewed for accuracy.

In determining whether certain low-income citizens cannot even afford that rate, there should be wide latitude for the states to tailor eligibility standards so as to reflect local needs and circumstances. Reliance upon national averages could result in too generous a definition for some, and too narrow a definition for others. The increasingly sophisticated census tract information that is available can help ensure targeting that achieves the legislative goal and fosters decentralization and creative approaches. This and other options will be further discussed in the Reply Comments.

Principle Two: Access to advanced telecommunications services should be provided in all regions of the Nation.
Principle Three: Access in Rural and High Cost Areas

State Role What "advanced" services are to be included should be coordinated between the Commission and the states consistent with the legislative intent. There should be maximum opportunity to reflect local technological needs and economic realities. A two-fold definition is necessary. 1) Some specificity is needed to list certain services that reflect current technological and economic realities. 2) Yet the list will obviously have to be modified as those realities change in the future. Consumers should not have to wait for Congress or

the Commission to update those definitions. Accordingly, there should be an additional formulation that ensures that future services can automatically be added or deleted based upon certain self-actuating benchmarks. Those benchmarks could reflect such considerations as those contained in the Act (Sec. 254 [1]), including penetration[11] rates as indicators of whether a service is competitive.

With respect to the specific services suggested in the NPRM, it is agreed that consideration should be given to such services:

- single party voice grade access to the public switched network with the ability to place and receive calls. Comment: In connection with the question of whether it be wireline or wireless, many conclude that wireless remains an inferior quality method of communication and should not yet be considered an adequate exclusive substitute for wireline service.
- touch-tone (TT) Comment: It should be noted that several states have recognized that TT is cheaper to install and maintain, and enhances the economic efficiencies of the network because of its increased speed of transmission. In at least one state (Wisconsin), it was concluded that eliminating a premium charge for TT would help reduce telemarketing abuse.
- single party service
- access to emergency services (911) Comment: "Access" alone is insufficient; it should be at no cost. To prevent expensive and disruptive false alarms, and to maximize the ability to secure the information necessary to provide fastest response, Enhanced 911 should be the emergency service included in the definition.
- access to operator services

Additional services and safeguards to be considered:

- reasonable usage within one's community of interest
- reasonable toll usage
- choice of some enhanced services (particularly those

[11] for example in some state proceedings when a service has been subscribed to by a very high percentage of customers it could be concluded that it is appropriately included in "basic" service.

whose penetration levels are suggestive of monopoly or dominant provider status). Perhaps if an incumbent LEC is the universal service provider, it should also be required to provide at least some enhanced services. This would be in recognition of the ratepayers' right to receive at least some of the benefits from those services, since large portions of the r&d and start-up costs have for many years been included in their monopoly rates.

- no charge for blocking for any additional services that are not included in the definition of universal service. State investigations have demonstrated that low-income customers have been particularly exploited with abusive telemarketing practices which no cost blocking could minimize.
- no charge for calls to provider's offices for purposes of reporting need for repairs, bill inquiry, etc. (in response to par.26)
- no charge calls for info on Lifeline, etc.
- reduced service deposit
- current telephone directories that include their community
- prohibit termination of USF-qualifying services for failure to pay non-USF services
- Telecommunications Relay Service
- Convenient equal access to long distance carriers
- No charge for number portability substitutes (e.g. Call Forwarding when used as a substitute for the ability to retain one's telephone number)
- maintain any existent Directory Assistance allowances

Access to Government Information. In determining what are "advanced telecommunications" and "information services" attention should be paid to the important societal need of having diverse, convenient and minimum or no-cost access to government information. A relatively new concern relates to various categories of information access that have traditionally been made available to the public at no or little expense beyond copying costs (e.g. birth certificates, zoning ordinances, absentee ballot procedures and other documents on file at local government agencies), as well as agency reports, hearing records, proceedings and resolutions of various governmental bodies.

Strapped for funding at every level, increasing numbers of governmental bodies are receptive to now charging for such information as compiled and made available on line through contract arrangements with private entities.

It is to the competitive advantage of such private entities to design the software and/or hardware in a manner that results in their exclusive ability to provide such information. Various local telephone companies have already begun to pursue such arrangements which raises the additional concern that such costs will be improperly subsidized with local phone rates.

Ease of access to government information is a critical component of government accountability and citizen participation. What will be the effect of charging for on-line access to that information? Will the driving force behind the rates charged be the need to generate revenue, in effect an indirect tax on information?

Furthermore, since it will be years before most citizens have on-line access, will their needs take a back seat to the demands of those with such access? As the demand shrinks for in-person or by-mail access to government information, it is not unreasonable to predict that there will be cutbacks in the number of government personnel available to serve individuals without on-line capability. Similarly, a decrease in the demand for in-person or by-mail access to such information may be used to justify dramatically increased copying costs.

- **Eligibility Information Should be Widely Available.** Experience

with current Lifeline and Link Up programs suggests that many otherwise eligible recipients do not take advantage of these universal service programs because 1) there has not been adequate information made available to them about its availability or the method for applying for the benefits; or because 2) these programs have been perceived as "welfare", with all the attendant stigmas that conjures for many, especially the elderly. Accordingly, information about universal service should be made widely available (including on line) for social service agencies, libraries and others in a position to assist eligible persons learn about and apply for such programs.

If a voucher system is used, it should be tailored in a way that does not create inconvenience or suggest a stigma. Furthermore, that eligibility should not be used in telemarketing schemes to exploitively sell services that customers do not need, do not understand and cannot afford. State investigations have demonstrated how vulnerable many customer classes are to such exploitive telemarketing practices.

Principle Five: Specific & Predictable & Sufficient Support Mechanisms

● **Advantages of a Voucher System:** A voucher system would have the advantage of providing customers with a practical opportunity to stimulate competition by selecting their carrier according to quality of service, ease of understanding, and other practical principles of the marketplace. It would ensure that the current local carrier does not receive an unfair competitive advantage. As discussed above, a sensitivity to convenience, stigma and